

COMMITTEE REPORT

MR. PRESIDENT:

The Senate Committee on Finance, to which was referred House Bill No. 1727, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT concerning health and human services.
- 3 Delete everything after the enacting clause and insert the following:
- 4 SECTION 1. IC 4-6-10.5 IS ADDED TO THE INDIANA CODE
- 5 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 6 JULY 1, 2001]:
- 7 **Chapter 10.5. Public Assistance Programs Investigative Unit**
- 8 **Sec. 1. The attorney general shall establish, within the office of**
- 9 **the attorney general, a unit for the investigation of abusive and**
- 10 **improper or fraudulent practices in the public assistance programs**
- 11 **administered by the office of the secretary of family and social**
- 12 **services established by IC 12-8-1-1, including:**
- 13 **(1) the federal food stamp program administered under 7**
- 14 **CFR 277.15;**
- 15 **(2) the Medicaid program administered under IC 12-15; and**
- 16 **(3) cash assistance provided under the temporary assistance**
- 17 **for needy families program administered under 45 CFR 260**
- 18 **et seq.**
- 19 **Sec. 2. The investigative unit established by section 1 of this**
- 20 **chapter shall investigate:**
- 21 **(1) fraud and abuse on the part of recipients of public**

assistance under the programs described in section 1 of this chapter; and

(2) potential criminal misconduct by others involved in the administration of the programs.

Sec. 3. If the attorney general determines, following an investigation under this chapter, that a criminal violation may have been committed by any person or entity, the attorney general shall refer the matter to the appropriate prosecuting authority for further action. If invited to do so by the prosecuting authority, the attorney general may participate in the prosecution of a case referred under this subsection.

Sec. 4. If the attorney general determines, following an investigation under this chapter, that misconduct may have occurred on the part of an employee of the state of Indiana, the attorney general may refer the matter to the appropriate agency of the state for potential disciplinary action.

SECTION 2. IC 12-10-10-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 12. Reimbursement rates for services provided under this chapter may not exceed reimbursement rates for similar services provided under the Medicaid:**

(1) aged and disabled waiver; or

(2) intermediate care facilities for the mentally retarded (ICF/MR) waiver.

SECTION 3. IC 12-15-12-13 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 13. (a) This section applies to a Medicaid recipient who:**

(1) is determined by the office to be eligible for enrollment in a Medicaid managed care program; and

(2) resides in a county having:

(A) a population of more than one hundred thousand (100,000), according to the most recently available census information; and

(B) at least two (2) managed care organizations that:

(i) are contracted with the office;

(ii) have an adequate provider network in place, including, at a minimum, a sufficient number of contracted primary medical providers of the appropriate specialty types, as determined by the office; and

(iii) have maintained at least one-third (1/3) of the

1 **eligible member enrollment for a continuous period of**
 2 **six (6) months.**

3 **(b) The office shall require a recipient described in subsection**
 4 **(a) to enroll in the risk-based managed care program.**

5 **(c) The office may adopt rules under IC 4-22-2 to implement this**
 6 **section.**

7 SECTION 4. IC 12-15-32-11 IS AMENDED TO READ AS
 8 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. (a) The office may
 9 assess community residential facilities for the developmentally
 10 disabled (as defined in IC 12-7-2-61) and intermediate care facilities
 11 for the mentally retarded (as defined in IC 16-29-4-2) that are not
 12 operated by the state in an amount not to exceed ~~five~~ **six** percent ~~(5%)~~
 13 **(6%)** of the annual gross residential services revenue of the facility for
 14 the facility's preceding fiscal year.

15 (b) The assessments shall be paid to the office of Medicaid policy
 16 and planning in equal monthly amounts on or before the tenth day of
 17 each calendar month. The office may withhold Medicaid payments to
 18 a provider described in subsection (a) that fails to pay an assessment
 19 within thirty (30) days after the due date. The amount withheld may not
 20 exceed the amount of the assessments due.

21 (c) Revenue from the assessments shall be credited to a special
 22 account within the state general fund to be called the Medicaid
 23 assessment account. Money in the account may be used only for
 24 services for which federal financial participation under Medicaid is
 25 available to match state funds. An amount equivalent to the federal
 26 financial participation estimated to be received for services financed
 27 from assessments under subsection (a) shall be used to finance
 28 Medicaid services provided by facilities described in subsection (a).

29 (d) If federal financial participation to match the assessments in
 30 subsection (a) becomes unavailable under federal law, the authority to
 31 impose the assessments terminates on the date that the federal
 32 statutory, regulatory, or interpretive change takes effect.

33 SECTION 5. IC 12-17.6-4-7 IS ADDED TO THE INDIANA CODE
 34 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 35 1, 2001]: **Sec. 7. (a) This section applies to a child who:**

36 **(1) is determined by the office to be eligible for enrollment in**
 37 **a Medicaid managed care program; and**

38 **(2) resides in a county having:**

39 **(A) a population of more than one hundred thousand**
 40 **(100,000), according to the most recently available census**
 41 **information; and**

42 **(B) at least two (2) managed care organizations that:**

- 1 (i) are contracted with the office;
2 (ii) have an adequate provider network in place,
3 including, at a minimum, a sufficient number of
4 contracted primary medical providers of the appropriate
5 specialty types, as determined by the office; and
6 (iii) have maintained at least one-third (1/3) of the
7 eligible member enrollment for a continuous period of
8 six (6) months.

9 (b) The office shall require a child described in subsection (a) to
10 enroll in the risk-based managed care program.

11 (c) The office may adopt rules under IC 4-22-2 to implement this
12 section.

13 SECTION 6. [EFFECTIVE UPON PASSAGE] (a) As used in this
14 SECTION, "office" refers to the office of the secretary of family
15 and social services established by IC 12-8-1-1.

16 (b) As used in this SECTION, "waiver" means a Section 1915(b)
17 freedom of choice waiver under the federal Social Security Act (42
18 U.S.C. 1315).

19 (c) Before July 1, 2001, the office shall apply to the United States
20 Department of Health and Human Services for approval of an
21 amendment to the state Medicaid plan or waiver to implement
22 IC 12-15-12-13 and IC 12-17.6-4-7, both as added by this act.

23 (d) If a provision of this SECTION differs from the
24 requirements of a state plan or waiver amendment, the office shall
25 submit the amendment request in a manner that complies with the
26 requirements of the amendment. However, after the amendment
27 is approved, the office shall apply within one hundred twenty (120)
28 days for an amendment to the approved amendment that contains
29 the provisions of this SECTION that were not included in the
30 approved amendment.

31 (e) The office may not implement the amended state plan or
32 waiver until the office files an affidavit with the governor attesting
33 that the federal amendment applied for under this SECTION is in
34 effect. The office shall file the affidavit under this subsection not
35 later than five (5) days after the office is notified that the
36 amendment is approved.

37 (f) If the office receives approval of an amendment under this
38 SECTION from the United States Department of Health and
39 Human Services and the governor receives the affidavit filed under
40 subsection (e), the office shall implement the amendment not more
41 than sixty (60) days after the governor receives the affidavit.

42 (g) The office may adopt rules under IC 4-22-2 that are

necessary to implement this SECTION.

(h) Notwithstanding IC 12-15-12-13 and IC 12-17.6-4-7, both as added by this act, if an amendment submitted under this SECTION is not approved, the office is not required to implement IC 12-15-12-13 and IC 12-17.6-4-7, both as added by this act.

(i) This SECTION expires July 1, 2005.

SECTION 7. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(b) The office shall develop a disease management program to study the provision of health care services to Medicaid recipients with chronic diseases, the cost of those services, and alternative methods of service delivery to provide the necessary services at a reduced cost.

(c) The office may contract with an outside individual or entity to assist in developing the programs required under subsection (b).

(d) The office shall report to the health finance commission (IC 2-5-23) and the budget committee not later than December 31, 2002, regarding the programs developed under this SECTION.

(e) This SECTION expires January 1, 2003.

SECTION 8. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(b) The office shall develop a program to control Medicaid expenditures for prescription drugs for recipients.

(c) The office shall report to the health finance commission (IC 2-5-23) and the budget committee not later than September 1, 2001, regarding the program developed under this SECTION.

(d) This SECTION expires December 31, 2001.

SECTION 9. [EFFECTIVE JULY 1, 2001] (a) The definitions in 405 IAC 1-14.6, as in effect on January 1, 2001, apply throughout this SECTION.

(b) The state's rate setting contractor shall calculate the median for each rate component each quarter using all cost reports received by the state or the state's rate setting contractor within one hundred fifty (150) days after each provider's fiscal year end. If an audit report has been issued for a provider within one hundred fifty days (150) of the provider's fiscal year end, the rate setting contractor may request additional information relative to that audit report. If the audit report is issued later than one hundred fifty (150) days after the provider's fiscal year end, the rate setting contractor may not request additional information

- 1 **relative to that audit report for that rate review.**
2 **SECTION 10. An emergency is declared for this act.**
 (Reference is to HB 1727 as reprinted February 20, 2001.)

and when so amended that said bill do pass .

Committee Vote: Yeas 12, Nays 2.

Senator Borst, Chairperson